



## ECONOMIC INSIGHT HUB

LAUREN HEPLER covers economic development, sports and hospitality across Silicon Valley.

lhepler@bizjournals.com  
408.299.1820  
@SVBizLauren

### ► LAUREN'S TAKE

## Virgin brings star power to San Jose Airport

For travelers catching a flight from San Jose to Los Angeles, say hello to Virgin America.

The airline debuted the new flight route on May 1, with an appearance by Virgin Group Founder Sir Richard Branson.

Branson whetted the appetites of travelers by teasing more flights from Silicon Valley to the East Coast.

David Cush, the Burlingame-based airline's president and CEO, said the company will consider additional service after gauging response to the short flight from SJC to LAX.

Virgin America already offers dozens of flights from

San Francisco, but Silicon Valley advocates say direct flights from San Jose offer Virgin America Inc. more market share, especially among business travelers.

### Minimum wage bump

A measure to increase California's minimum wage from \$8 to \$9.25 an hour by 2016 cleared its first legislative hurdle last week.

A state Assembly committee approved the bill along party lines, with Republicans in opposition.

Luis Alejo (D-Salinas)

introduced the measure, which would increase the state-mandated wage to \$8.25 an hour in January 2014. The wage would then rise by \$0.50 each year until 2016 and be linked to inflation starting in 2017.

San Jose already made the move to up the minimum wage, when voters in November approved an increase to \$10 an hour. The change went into effect last month.

Like San Jose, the state bill pits business against labor.

The National Federation

of Independent Businesses projects that the increase would cost the state \$4.7-\$5.7 billion in economic output and 46,000 jobs in the next decade.

However, minimum wage studies cited by pro-labor groups tell a different story. The University of California, Berkeley, and the Centre for Economic Policy both found no job loss after wage increases in other cities. The studies concluded that higher wages give workers more spending power, which should help grow the economy.

# Ramirez's No. 1 mission: Tourism

MORGAN HILL BUSINESSES TEAM UP TO LURE SILICON VALLEY STAYCATION CROWDS



Food, wine, scenery: Edith Ramirez sees nothing but tourism potential for Morgan Hill.

To promote the city as a Silicon Valley destination, Ramirez, 39, embarked on a quest last month to help local businesses join forces in an effort to attract more tourism dollars.

Ramirez, a native of Mexico City, took over as Morgan Hill's chief planner and economic development manager in October 2011 after working for San Jose's redevelopment agency. In the interview below, she shares her thoughts on Morgan Hill's advantage over Napa Valley, new downtown openings and the city's biggest challenges for managing growth.

### Why focus on tourism now?

Our community is maturing. We see ourselves becoming the wine and food heart of Santa Clara County. The county has been working with our wineries to upgrade their infrastructure and hold events. That's going to make us more competitive with other wine regions. We've seen an increase in high-end restaurants drawing customers from as far as Mountain View.

### How do you build Morgan Hill's appeal?

There is a great opportunity for us to cross-promote. The wineries can promote the restaurants, and the restaurants can promote the wineries. We have these great amenities but they're currently functioning in their own silos.



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### MORGAN HILL'S RISING HOTEL RATES

Average room rates per night:

|      |       |
|------|-------|
| 2009 | \$104 |
| 2013 | \$134 |

**Occupancy rates:** From 58 percent during 2009 to 74.6 percent in Q1 2013

### Which demographic are you targeting?

Anything south of San Francisco. We are an alternative to wine regions north of San Francisco. Some of our wineries like to promote themselves as the wineries that have no tolls and no bridges.

### What downtown plans are in the works to help grow the city's tourism industry?

We have a number of key sites in downtown Morgan Hill targeted for mixed-use development. This

summer we're going to prepare a long-term property management plan that will likely result in a Request for Proposal. We're looking at density, but density for our community – three stories – not like San Jose high rises.

### Beyond tourism, what other sectors are doing well?

Food production – whether it's making soup or making cheeses – is growing. That's a niche to our city, so we made a zoning change from general to light industrial to accommodate businesses like wholesale bakeries that are looking for space. We are also seeing growth in advanced manufacturing and auto dealers. We have outdoor sports companies here like Specialized Bicycles.

### Will we see more office space in Morgan Hill?

We have very limited office – especially class A office. It's actually

one of the things we're considering for the Downtown Specific Plan looking for mixed-use development.

### What are the city's biggest challenges?

One question is how do we attract more R&D and those creative minds? We need to grow our housing options. We need to (urbanize) our downtown and add high-end rental properties. One out of every 10 residential units in the city is affordable, but we know we need more market-rate housing. We are also actively looking for a boutique hotel near the downtown.

### How about getting to Morgan Hill?

We need to grow our transportation system to make our community more sustainable and attractive. We do have a reverse commute, but we also hope to increase Caltrain service. Another option could be working more with our private companies on shared vans.